
THE TOWN OF JONES CITY
(Including the Jones City Public Works Authority)

FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT.....	1
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	4
STATEMENT OF ACTIVITIES	5
FUND FINANCIAL STATEMENTS	
BALANCE SHEET - GOVERNMENTAL FUNDS	6
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND	7
STATEMENT OF NET POSITION - PROPRIETARY FUNDS	8
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS	9
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	10
NOTES AND OTHER INFORMATION	
NOTES TO THE BASIC FINANCIAL STATEMENTS.....	11
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	20
SCHEDULE OF FINDINGS AND RESPONSES	22
BUDGETARY COMPARISON SCHEDULE	26
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	27
SCHEDULE OF EXPENDITURES OF STATE AWARDS	27

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The Town of Jones City, Oklahoma

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Jones City, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Jones City, Oklahoma, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 26 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Jones City's basic financial statements. The schedules of expenditures of federal and state awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Those schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2015, on our consideration of the internal control over financial reporting of the Town of Jones

City and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Jones City's internal control over financial reporting and compliance.

 C.P.A., Inc.

Becky Fleming, C.P.A., Inc.
July 31, 2015

**THE TOWN OF JONES CITY
STATEMENT OF NET POSITION
JUNE 30, 2014**

	Governmental Activities	Business-type Activities	Total 2014
ASSETS			
Current Assets			
Cash and demand deposits	408,689	240,944	649,633
Restricted cash	265,928	26,225	292,153
Revenue and accounts receivable	80,215	80,347	160,562
Allowance for doubtful accounts	0	(5,973)	(5,973)
Other receivables	0	15,552	15,552
Grants receivable	419	0	419
Internal balances	44,959	(44,959)	0
Total current assets	800,210	312,136	1,112,346
Noncurrent Assets			
Depreciable property and equipment	1,580,361	3,339,621	4,919,982
Accumulated depreciation	(579,299)	(2,073,099)	(2,652,398)
Land	68,000	0	68,000
Construction in progress	872,900	87,596	960,496
Total noncurrent assets	1,941,962	1,354,118	3,296,080
TOTAL ASSETS	2,742,172	1,666,254	4,408,426
LIABILITIES			
Current Liabilities			
Accounts payable	45,616	46,169	91,785
Payroll taxes payable	964	0	964
Accrued leave payable	24,230	5,723	29,953
Capital leases payable, current portion	39,276	0	39,276
Total current liabilities	110,086	51,892	161,978
Noncurrent Liabilities			
Meter deposits refundable	0	26,225	26,225
Total noncurrent liabilities	0	26,225	26,225
TOTAL LIABILITIES	110,086	78,117	188,203
NET POSITION			
Net investment in capital assets	1,902,686	1,354,118	3,256,804
Restricted for:			
Debt	168,525	0	168,525
Capital improvements	16,702	0	16,702
Police	6,253	0	6,253
Fire	38,853	0	38,853
Capital outlay	24,412	0	24,412
Library	7,751	0	7,751
Unrestricted	466,904	234,019	700,923
TOTAL NET POSITION	2,632,086	1,588,137	4,220,223

The accompanying notes are an integral part of these financial statements

**THE TOWN OF JONES CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total 2014
Governmental activities:							
General government	(272,995)	31,051	2,606	96,562	(142,776)	0	(142,776)
Community building department	(21,679)	1,960	6,480	0	(13,239)	0	(13,239)
Police department	(423,554)	166,540	0	0	(257,014)	0	(257,014)
Fire department	(125,869)	10	11,967	0	(113,892)	0	(113,892)
Library department	(207)	0	0	4,501	4,294	0	4,294
Park department	(72,016)	0	924	4,932	(66,160)	0	(66,160)
Street department	(88,450)	0	26,608	22,913	(38,929)	0	(38,929)
Total governmental activities	(1,004,770)	199,561	48,585	128,908	(627,716)	0	(627,716)
Business-type activities:							
Sewer department	(201,202)	145,599	0	0	0	(55,603)	(55,603)
Trash department	(206,142)	297,250	0	0	0	91,108	91,108
Water department	(200,718)	172,376	0	0	0	(28,342)	(28,342)
Gas department	(450,194)	520,316	0	0	0	70,122	70,122
Total business-type activities	(1,058,256)	1,135,541	0	0	0	77,285	77,285
Total all activities	(2,063,026)	1,335,102	48,585	128,908	(627,716)	77,285	(550,431)
		General revenues:					
		Taxes:					
		Sales taxes for general purposes			645,915	0	645,915
		Sales taxes, restricted for capital expenses and debt service			197,841	0	197,841
		Franchise and public service taxes			69,199	0	69,199
		Other general revenues			8,862	45,301	54,163
		Investment income			3,323	146	3,469
		Capital contributions			0	82,066	82,066
		Transfers			(130,215)	130,215	0
		Total general revenues and transfers			794,925	257,728	1,052,653
		Change in net position			167,209	335,013	502,222
		Beginning net position			2,464,877	1,253,124	3,718,001
		Ending net position			2,632,086	1,588,137	4,220,223

* Interest expense of \$1,085 is included in the fire department

**THE TOWN OF JONES CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

	<u>General Fund</u>
ASSETS	
Cash and demand deposits	408,689
Restricted cash	265,928
Revenue receivable	80,215
Grants receivable	419
Due from other funds	44,959
Prepaid expenses	<u>0</u>
TOTAL ASSETS	<u><u>800,210</u></u>

LIABILITIES	
Accounts payable	45,616
Payroll taxes payable	964
Accrued leave payable	24,230
Construction accounts payable	0
Deferred grant revenues	0
Due to other funds	<u>0</u>
TOTAL LIABILITIES	<u>70,810</u>

FUND BALANCE	
Restricted for:	
Debt	168,525
Capital improvements	16,702
Police	6,253
Fire	38,853
Capital outlay	24,412
Library	7,751
Unrestricted	<u>466,904</u>
TOTAL FUND BALANCE	<u>729,400</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>800,210</u></u>

Reconciliation of fund balance to net position of governmental activities:	
Fund balance	729,400
Depreciable capital assets	1,580,361
Accumulated depreciation	(579,299)
Land	68,000
Construction in progress	872,900
Capital lease payable	<u>(39,276)</u>
Net position	<u><u>2,632,086</u></u>

The accompanying notes are an integral part of these financial statements

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>General Fund</u>
REVENUES	
Sales and use taxes	645,915
Sales taxes - restricted	197,841
Franchise taxes	69,199
Shared taxes	31,560
Fines and forfeitures	165,534
Licenses, permits, inspections	25,812
Rental revenues	1,960
Donations	18,806
Grants	131,354
Other revenues	11,909
Interest	3,323
TOTAL REVENUES	<u>1,303,213</u>
EXPENDITURES	
General government	256,024
Community building	12,378
Police department	396,229
Fire department	82,115
Library department	207
Park department	48,451
Street department	79,984
Debt service	121,756
Capital outlay	163,639
TOTAL EXPENDITURES	<u>1,160,783</u>
REVENUES OVER (UNDER) EXPENDITURES	142,430
OTHER FINANCING SOURCES (USES)	
Transfers-in (out)	<u>(130,215)</u>
TOTAL OTHER FINANCING SOURCES (USES)	(130,215)
NET CHANGE IN FUND BALANCES	12,215
BEGINNING FUND BALANCE	<u>717,185</u>
ENDING FUND BALANCE	<u><u>729,400</u></u>
Reconciliation of net change in fund balance to change in net position of governmental activities:	
Net change in fund balances - governmental funds	12,215
Capital asset purchases capitalized	163,639
Depreciation expense	(125,596)
Gain on sale of capital assets	(1,020)
Loss on disposal of capital assets	(2,700)
Principal payments on capital lease	120,671
Change in Net Position of Governmental Activities	<u><u>167,209</u></u>

The accompanying notes are an integral part of these financial statements

**THE TOWN OF JONES CITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014**

	<u>Jones City Public Works Authority</u>
ASSETS	
Current Assets	
Cash and demand deposits	240,944
Restricted cash	26,225
Accounts receivable	80,347
Allowance for doubtful accounts	(5,973)
Other receivables	<u>15,552</u>
Total current assets	357,095
Noncurrent Assets	
Depreciable property and equipment	3,339,621
Accumulated depreciation	(2,073,099)
Construction in progress	<u>87,596</u>
Total noncurrent assets	<u>1,354,118</u>
TOTAL ASSETS	<u><u>1,711,213</u></u>
LIABILITIES	
Current Liabilities	
Accounts payable	46,169
Accrued leave payable	5,723
Due to other funds	<u>44,959</u>
Total current liabilities	96,851
Noncurrent Liabilities	
Meter deposits refundable	<u>26,225</u>
Total noncurrent liabilities	<u>26,225</u>
TOTAL LIABILITIES	123,076
NET POSITION	
Net investment in capital assets	1,354,118
Unrestricted	<u>234,019</u>
TOTAL NET POSITION	<u><u>1,588,137</u></u>

The accompanying notes are an integral part of these financial statements

**THE TOWN OF JONES CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Jones City Public Works Authority</u>
OPERATING REVENUES	
Sewer revenues	145,599
Trash revenues	297,250
Water revenues	172,376
Gas revenues	520,316
Late fees	28,128
Other income	<u>11,673</u>
TOTAL OPERATING REVENUES	1,175,342
OPERATING EXPENSES	
Sewer department	201,202
Trash department	206,142
Water department	200,718
Gas department	<u>450,194</u>
TOTAL OPERATING EXPENSES	1,058,256
OPERATING INCOME	117,086
NON-OPERATING REVENUES	
Interest income	146
Gain on sale of capital assets	<u>5,500</u>
TOTAL NON-OPERATING REVENUES	5,646
INCOME BEFORE TRANSFERS	122,732
TRANSFERS	
Capital contributions	82,066
Transfers-in (out)	<u>130,215</u>
NET TRANSFERS	212,281
CHANGE IN NET POSITION	335,013
BEGINNING NET POSITION	<u>1,253,124</u>
ENDING NET POSITION	<u><u>1,588,137</u></u>

The accompanying notes are an integral part of these financial statements

**THE TOWN OF JONES CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Jones City Public Works Authority</u>
Cash flows from operations:	
Cash received from:	
Customers	1,155,451
Cash payments for:	
Goods and services	(611,415)
Employees	<u>(263,070)</u>
Net cash provided from operations	280,966
Cash flows from capital financing activities:	
Grants transferred from general fund	96,563
Purchases of capital assets	<u>(408,579)</u>
Net cash from capital financing activities	(312,016)
Cash flows from non-capital financing activities:	
Sales of capital assets	5,500
Transfers to general fund	<u>33,652</u>
Net cash from non-capital financing activities	39,152
Cash flows from investing activities:	
Interest income	<u>146</u>
Net cash from investing activities	<u>146</u>
Net (decrease) in cash	<u>8,248</u>
Beginning cash	<u>232,696</u>
Ending cash	<u><u>240,944</u></u>
Reconciliation of income from operations to net cash from operations:	
Operating income	117,086
Adjustments to income from operations:	
Depreciation	115,640
Bad debts	17,324
Change in assets and liabilities:	
(Increase) decrease in receivables	968
(Increase) decrease in prepaid expenses	6,561
Increase (decrease) in payables	<u>23,387</u>
Net cash provided by operations	<u><u>280,966</u></u>

The accompanying notes are an integral part of these financial statements

The Town of Jones City
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2014

1. Summary of Significant Accounting Policies

The Town of Jones City, Oklahoma, was incorporated January 4, 1909, under the laws of the State of Oklahoma. The Town of Jones City (Town) operates under the Statutory Town Board of Trustees form of government and provides the following major services: public safety, streets, public improvements, planning and zoning, and general administration. Sewer, trash, water, and gas utilities are provided by the Town's public works authority.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable), that does not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, it has chosen not to do so. The more significant accounting policies established in GAAP and used by the Town are discussed below.

1A. Financial Reporting Entity

These financial statements present the Town (the primary government) and its component unit in conformity with GASB-14. The financial statements of the Town's Title 60 Trust have been included in the financial reporting entity as a blended component unit because their operating and financial relationships are significant to the Town.

1B. Blended Component Units

The Jones City Public Works Authority (JCPWA) was established to finance, establish, and operate utility services for the citizens of the Town. JCPWA is a legally separate entity from the Town and is governed by the same board of trustees that governs the Town. For financial reporting purposes, the JCPWA is reported as if it were part of the Town's operations. The JCPWA does not present separate financial statements.

1C. Basic Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's police, fire, streets, community building, and general government administration are classified as governmental activities. The Town's sewer, trash, water, and gas utilities are classified as business-type activities.

The Town of Jones City
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2014

1D. Government-wide Financial Statements

In the government wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net assets are reported in three parts – net investment in capital assets; restricted net assets, and unrestricted net assets. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities. The functions are also supported by general government revenues (sales and use taxes, certain intergovernmental revenues, permits, and charges, etc.). The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants. This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net assets resulting from the current year's activities.

1E. Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

Governmental Funds

The measurement focus of governmental funds in the fund statements is current financial resources. Generally, only current financial assets and liabilities are included on their balance sheets and only sources and uses of available spendable resources are presented on their operating statements. Fund balance is used as their measure of available spendable resources at the end of the period.

Proprietary Funds

The measurement focus of proprietary funds is economic resources, the objectives of which involves the determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The Town maintains one proprietary fund, which is an enterprise fund. Enterprise funds are used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues; has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges; or establishes fees and charges based on a pricing policy designed to recover similar costs.

The Town of Jones City
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2014

1F. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis

Both governmental and business-type activities in the government-wide financial statements and proprietary fund financial statements are presented using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual Basis

The governmental funds financial statements are presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (both measurable and available). Available means collectible within the current period or within 30 days after year end. Expenditures are generally recognized when the related liability is incurred.

1G. Cash and Cash Equivalents

Cash and cash equivalents for purposes of the statement of cash flows are defined as cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

1H. Deposits and Investments

The governing body has not formally adopted deposit and investment policies that limit the government's allowable deposits or investments and address the specific types of risk to which the government is exposed.

Investments are accounted for in accordance with GASB-31, *Accounting and Financial Reporting for Certain Investments*, which states that investments held at year end with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

1I. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The allowances for uncollectible accounts are based on historical trends and periodic aging.

The Town of Jones City
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2014

1J. Interfund Activity

Interfund activity is reported either as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other Interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

1K. Capital Assets

Capital assets purchased or acquired with an original cost of \$3,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	15 to 40 years
Vehicles and equipment	5 to 25 years
Infrastructure	25 to 40 years

GASB-34 required the Town to report and depreciate new infrastructure assets effective with the 2004 year. Infrastructure assets include roads, sidewalks, bridges, traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. Neither their historical cost nor related depreciation has been reported in the financial statements. Retroactive reporting is not required.

Since management did not maintain sufficient financial records to adequately support the valuation of capital assets prior to July 1, 2008, the cost of significant capital assets purchased or constructed prior to July 1, 2008, is estimated based on the recollection of past board members and current employees.

1L. Compensated Absences

Town employees are entitled to certain compensated absences based on their length of employment. Such amounts are accrued as earned and reported in the financial statements.

1M. Revenues and Expenditures

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as needed. Program revenues in the government-wide statements include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. In proprietary funds, operating revenues and expenses result from providing

The Town of Jones City
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2014

the goods or services that are the funds principal ongoing operations. Revenues and expenses not meeting this definition are nonoperating revenues and expenses. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as nonoperating revenue based on GASB-33. In applying GASB-33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before eligibility requirements are met are reported as advances by the provider and deferred inflows by the recipient.

2. Budgets and Budgetary Accounting

The board of trustees adopts legally required annual operating budgets each year for each fund. The same generally accepted accounting principles basis of accounting used for fund financial reporting purposes is used for budgetary purposes. At the fund level, actual expenditures cannot exceed budgeted appropriations at the department level. Budgetary transfers between departments of the same fund are approved by the board when required. Supplemental appropriations, if needed, are approved by the board and submitted to the state auditor's office as required by state statutes. All appropriations lapse at the end of the fiscal year. Encumbrance accounting is not used.

3. Risk Management

The Town is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town manages this risk through the purchase of commercial insurance policies. Risk management activities are accounted for by fund, and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. During the year just ended, claims were made in the amount of \$61,720 for hail damage to City property.

4. Deposits and Investments

At year end, the Town had insured deposits of \$750,000. Deposits of \$240,896 were not insured, but were collateralized with securities held by the bank's agent but not in the Town's name, in accordance with state statutes.

The State of Oklahoma allows municipalities to invest in the following: direct obligations of the U.S. Government, its agencies or instrumentalities; collateralized or insured certificates of deposit; insured savings accounts or savings certificates; and county, municipal or school district direct debt.

5. Restricted Cash and Investments

Restricted taxes, as discussed in note 6, and restricted donations, are maintained in separate accounts of the general fund of the Town. Customer meter deposits are maintained in separate accounts of the JCPWA.

The Town of Jones City
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2014

6. Restricted Taxes

1 cent of the 4 cent sales tax of the town is restricted as follows: 60% for the payment of long-term debt; 20% for capital improvements of the Town and the JCPWA; and 20% for capital outlay for the Town and JCPWA.

7. Capital Assets

Capital asset activity for the year just ended is summarized as follows:

Governmental Activities	Beginning			Ending	Beginning			Ending	Book
	Balance	Additions	Disposals	Balance	Depreciation	Additions	Disposals	Depreciation	Value
Non-depreciable									
Construction in progress	339,431	30,357	(2,700)	872,900	0	0	0	0	872,900
Land	118,000	0	0	68,000	0	0	0	0	68,000
Total non-depreciable	457,431	30,357	(2,700)	940,900	0	0	0	0	940,900
Depreciable									
Land improvements	0	0	0	0	0	0	0	0	0
Buildings & bldg equipment	505,549	0	0	408,006	134,144	26,785	0	160,929	247,077
Equipment	793,665	87,371	(29,585)	841,093	295,505	82,402	(28,565)	349,342	491,751
Roads, bridges, sidewalks	178,163	45,911	0	331,262	52,619	16,410	0	69,029	262,233
Total depreciable	1,477,377	133,282	(29,585)	1,580,361	482,268	125,596	(28,565)	579,299	1,001,061
Total governmental	1,934,809	163,639	(32,285)	2,521,261	482,268	125,596	(28,565)	579,299	1,941,962

Business-type Activities	Beginning			Ending	Beginning			Ending	Book
	Balance	Additions	Disposals	Balance	Depreciation	Additions	Disposals	Depreciation	Value
Non-depreciable									
Construction in progress	56,855	39,742	(9,000)	87,597	0	0	0	0	87,597
Total non-depreciable	56,855	39,742	(9,000)	87,597	0	0	0	0	87,597
Depreciable									
Buildings & bldg equipment	80,167	0	0	80,167	47,314	3,329	0	50,643	29,524
Equipment	314,281	10,364	(30,000)	294,645	210,897	22,859	(30,000)	203,756	90,889
Utility systems	2,512,769	452,039	0	2,964,808	1,729,248	89,453	0	1,818,701	1,146,108
Total depreciable	2,907,218	462,403	(30,000)	3,339,621	1,987,459	115,640	(30,000)	2,073,099	1,266,521
Total business-type	2,964,073	502,145	(39,000)	3,427,217	1,987,459	115,640	(30,000)	2,073,099	1,354,118

The Town of Jones City
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2014

Depreciation by department is as follows:

Governmental Activities		Business-type Activities	
General government	16,971	Sewer	65,945
Community building	6,601	Water	25,118
Police department	27,325	Gas	<u>24,577</u>
Fire department	42,669		<u>115,640</u>
Park department	23,565		
Street department	<u>8,465</u>		
	<u>125,596</u>		

8. Capital Leases

Debt outstanding at June 30, 2014, consisted of the following:

Fund		Interest Rate	Maturity Date	Amount Issued	Outstanding	Security
Governmental	Fire truck	4.25%	02/14/2015	177,000	14,276	Fire truck
Governmental	Streets	0	05/20/2015	250,000	25,000	Franchise tax

Long-term debt activity for the year ended June 30, 2014, was as follows:

Fund	Capital Leases	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Governmental	Fire Truck	34,947	0	(20,671)	14,276	14,276
Governmental	Streets	125,000	0	(100,000)	25,000	25,000

Debt service requirements to maturity are as follows:

Governmental	Principal	Interest
2015	<u>39,276</u>	<u>228</u>
	<u>39,276</u>	<u>228</u>

9. Pension Plans

Defined Benefit Pension Plans

Oklahoma Firefighters Pension and Retirement System – Defined Benefit Pension Plan

Plan Description. The Town contributes to the Oklahoma Firefighters Pension and Retirement System (the System), a cost-sharing multiple-employer defined benefit pension plan administered by a 13-member board which acts as fiduciary for investment of funds and the application of plan interpretations. The System provides retirement and disability benefits, annual cost-of-living adjust-

The Town of Jones City
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2014

ments, and death benefits to plan members and beneficiaries. The System is a component unit of the State of Oklahoma and is authorized under Title 11, Oklahoma Statutes 1981, sections 48-101 et. seq. The System issues a publicly available financial report that includes financial statements and required supplementary information for the plan and may be obtained from their offices at 4545 N. Lincoln Blvd., Suite 265, Oklahoma City, OK 73105, or by calling 1-800-525-7461.

Funding Policy. Volunteer firefighters are not required to contribute, but the Town is required to contribute \$60 per volunteer per year. The contribution requirements of the System are an established rate determined by Oklahoma Statute and are not based on actuarial calculations. The Town's contribution to the System for the years ended June 30, 2014, 2013, and 2012 were \$1,080, \$1,080 and \$1,080, equal to the required contribution for each year.

Oklahoma Police Pension and Retirement System - Defined Benefit Pension Plan

Plan Description. The city contributes to the Oklahoma Police Pension and Retirement System (OPPRS), a cost-sharing multiple-employer defined benefit pension plan administered by a 13-member board which acts as fiduciary for investment of funds and the application of plan interpretations. The OPPRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The OPPRS is a component unit of the State of Oklahoma and is authorized under Title 11, Oklahoma Statutes 1981, sections 48-101 et. seq. The OPPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan and may be obtained from their offices at 4545 N. Lincoln Blvd., Suite 265, Oklahoma City, OK 73105, or by calling 1-800-525-7461.

Funding Policy. Police are required to contribute 8% of eligible salary, while the city is required to contribute 13%. The contribution requirement of OPPRS is an established rate determined by Oklahoma Statute and is not based on actuarial calculations. The city and employee contributions to OPPRS for 2014, 2013 and 2012 were as follows: \$25,235, \$23,349 and \$22,454; and \$15,529, \$14,369 and \$13,787, equal to the required contributions for each year. Eligible payroll was \$194,113, \$179,607 and \$172,725.

Defined Contribution Pension Plan

The Town employees participate in the Oklahoma Municipal Retirement System as authorized by Town ordinance. Title 11, Oklahoma Statutes 1981, section 48-101 et. seq. assigns the authority to establish and amend the benefit provisions of the plans that participate in the System to the respective employer entities. All full-time and part-time employees of the Town are eligible to participate in the System and full-time employees are fully vested after 10 years. Covered employees are required to contribute from 1% to 4% of their gross payroll which the Town must match. Employee contributions over 4% are optional and are not matched by the Town. The payroll for Town employees for the year was \$465,329. The payroll for Town employees covered by the Fund for the year was \$262,424. Actual Town and employee contributions for the year were \$7,686 each, equal to the required contributions for the year.

The Town of Jones City
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2014

10. Inter-fund Transactions

	General Fund	Utility Fund	Total Transfers
Operating	48,414	(48,414)	0
Capital assets	(178,629)	178,629	0
	(130,215)	130,215	0

	General Fund	Utility Fund	Total Interfund
Operating	44,959	(44,959)	0

11. Subsequent Events

Management performed an evaluation of the Town's activity through July 31, 2015, the date the audit report was ready to be released, and has concluded that there are no significant subsequent events requiring disclosure through that date.

BECKY FLEMING, C.P.A., INC.

7920 108th Ave NE
Norman, OK 73026-9761

Cell: 405.641.5794
Fax: 405.217.4575
Email: bdfcpa@gmail.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees
The Town of Jones City, Oklahoma

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each fund of the Town of Jones City, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Town of Jones City, and have issued our report thereon, dated July 31, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the internal control over financial reporting of the Town of Jones City to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Jones City's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Jones City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies 2014-1, 2014-2, and 2014-3 described in the accompanying schedule of findings and responses to be material weaknesses.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies 2014-4, 2014-5, and 2014-6 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Town of Jones City are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2014-6.

The Town of Jones City's Response to Findings

The Town of Jones City's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Town of Jones City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

 Becky Fleming, C.P.A., Inc.

Becky Fleming, C.P.A., Inc.
July 31, 2015

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2014

2014-1 Criteria: Procedures should be established to insure that the general ledger is reviewed at least monthly for posting errors and inappropriate account balances.

Condition: The general ledger is not being reviewed at least monthly for posting errors and inappropriate account balances.

Cause: There are no established procedures to insure that the general ledger is reviewed at least monthly for posting errors and inappropriate account balances.

Effect: Because there are no established procedures to insure that the general ledger is reviewed at least monthly for posting errors and inappropriate account balances, the general ledger contains posting errors and inappropriate account balances, causing the board financial statements to be misstated and town departments to be out of compliance with adopted budgets once the corrections are made.

Recommendation: We recommend that procedures be established to make sure that the general ledger is reviewed at least monthly for posting errors and inappropriate account balances.

Response: We will establish procedures to insure that the general ledger is reviewed at least monthly for posting errors and inappropriate account balances.

2014-2 Criteria: Procedures should be established to insure that capital assets are correctly recorded in the general ledger; that subsidiary schedules of capital assets are adequately maintained; and that capital assets are reconciled to the general ledger and to insurance policies at least annually.

Condition: Capital assets are not being correctly recorded in the general ledger; subsidiary schedules of capital assets are not being adequately maintained; and capital assets are not being reconciled to the general ledger or to insurance policies at least annually.

Cause: There are no established procedures to insure that capital assets are correctly recorded in the general ledger; that subsidiary schedules of capital assets are adequately maintained; or that capital assets are reconciled to the general ledger and to insurance policies at least annually.

Effect: Because there are no established procedures to insure that capital assets are correctly recorded in the general ledger; that subsidiary schedules of capital assets are adequately maintained; or that capital assets are reconciled to the general ledger and insurance policies at least annually, errors in either the general ledger, subsidiary schedules, or insurance policies may exist and not be corrected on a timely basis.

Recommendation: We recommend that procedures be established to make sure that capital assets are correctly recorded in the general ledger; that subsidiary schedules of capital assets are adequately maintained; and that capital assets are reconciled to the general ledger and to insurance policies at least annually.

Response: We will establish procedures to insure that capital assets are correctly recorded in the general ledger; that subsidiary schedules of capital assets are adequately maintained; and that capital assets are reconciled to the general ledger and to insurance policies at least annually.

2014-3

Criteria: Policies and procedures should be established to insure that utility billings are correctly recorded in the general ledger and that subsidiary reports related to utility billings are reconciled to the general ledger at least monthly.

Condition: Utility billings are not being correctly recorded in the general ledger and subsidiary reports related to utility billings are not being reconciled to the general ledger at least monthly.

Cause: There are no established procedures to insure that utility billings are correctly recorded in the general ledger and that subsidiary reports related to utility billings are reconciled to the general ledger at least monthly.

Effect: Because utility billings are not being correctly recorded in the general ledger and subsidiary reports related to utility billings are not being reconciled to the general ledger at least monthly, errors in either the billing system, the general ledger, or customer accounts may exist and not be corrected on a timely basis.

Recommendation: We recommend that policies and procedures be established to insure that utility billings are correctly recorded in the general ledger and that subsidiary reports related to utility billings are reconciled to the general ledger at least monthly.

Response: We will establish procedures to insure that utility billings are correctly recorded in the general ledger and that subsidiary reports related to utility billings are reconciled to the general ledger at least monthly.

2014-4

Criteria: Policies and procedures should be established to insure that grants are adequately administered; that grant records are adequately maintained; and that grant revenues and expenditures are correctly recorded in the general ledger.

Condition: Grants are not being adequately administered; grant records are not being adequately maintained; and grant revenues and expenditures are not being correctly recorded in the general ledger.

Cause: There are no established policies or procedures to insure that grants are adequately administered; that grant records are adequately maintained; or that grant revenues and expenditures are correctly recorded in the general ledger.

Effect: Because there are no established policies or procedures to insure that grants are adequately administered, grant revenues and expenditures are not being correctly recognized in the general ledger and grant records are not organized in a consistent and clear manner.

Recommendation: We recommend that policies and procedures be established to insure that grants are adequately administered; grant records are adequately maintained; and grant revenues and expenditures are correctly recorded in the general ledger.

Response: We will establish policies and procedures to insure that grants are adequately administered; grant records are adequately maintained; and that grant revenues and expenditures are correctly recorded in the general ledger.

2014-5

Criteria: Segregation of duties or other compensating procedures to provide oversight and review between those maintaining the general ledger and billing systems, performing reconciliations, or collecting payments should be established to make deliberate fraud more difficult to enact and make it more likely that innocent errors will be found and corrected.

Condition: The same employees maintain the general ledger, billing systems, perform reconciliations, and collect payments, with no compensating procedures to provide for oversight or review of those transactions.

Cause: There is not sufficient segregation of duties between those maintaining the general ledger and billing systems, performing reconciliations, or collecting payments, and no compensating procedures to provide for oversight or review of those transactions.

Effect: Because there is not sufficient segregation of duties between those maintaining the general ledger and billing systems, performing reconciliations, or collecting payments, and no compensating procedures to provide for oversight or review of those transactions, posting or other errors are occurring and not being found and corrected on a timely basis.

Recommendation: We recommend that procedures be established to provide segregation of duties between those maintaining the general ledger and billing systems, performing reconciliations, or collecting payments, or, where that is not possible, establish other compensating procedures to provide for oversight or review of those transactions.

Response: Since we are a small town, we will never be able to have sufficient segregation of duties. However, we are working on allocating office tasks to various personnel in order to develop better reconciling and oversight procedures for our accounting records.

2014-6

Criteria: Procedures should be established to insure that budget to actual reports are prepared and reviewed at least monthly and that budgets are amended as needed during the year.

Condition: Budget to actual reports are not being prepared and reviewed at least monthly and budgets are not being amended as needed during the year.

Cause: There are no established procedures to insure that budget to actual reports are prepared and reviewed at least monthly and that budgets are amended as needed during the year.

Effect: Because there are no established procedures to insure budget to actual reports are prepared and reviewed at least monthly, budgets are not being amended as needed during the year.

Recommendation: We recommend that procedures be established to insure that budget to actual reports are prepared and reviewed at least monthly and that budgets are amended as needed during the year.

Response: We will establish procedures to insure budget to actual reports are prepared and reviewed at least monthly and that budgets are amended as needed during the year.

**THE TOWN OF JONES CITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Budget Basis Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and use taxes	441,500	441,500	645,915	204,415
Sales taxes - restricted	135,000	135,000	197,841	62,841
Franchise taxes	65,000	65,000	69,199	4,199
Shared taxes	27,850	27,850	31,560	3,710
Fines and forfeitures	150,000	150,000	165,534	15,534
Licenses, permits, inspections	15,000	15,000	25,812	10,812
Rental revenues	0	0	1,960	1,960
Donations	0	0	18,806	18,806
Grants	250,000	250,000	131,354	(118,646)
Other revenues	75,000	75,000	11,909	(63,091)
Interest	1,000	1,000	3,323	2,323
TOTAL REVENUES	1,160,350	1,160,350	1,303,213	142,863
EXPENDITURES				
General government	239,600	239,600	256,024	(16,424)
Community building	9,250	9,250	12,378	(3,128)
Police department	395,000	395,000	396,229	(1,229)
Fire department	87,400	87,400	82,115	5,285
Library department	7,500	7,500	207	7,293
Park department	40,000	40,000	48,451	(8,451)
Street department	73,000	73,000	79,984	(6,984)
Debt service	71,756	71,756	121,756	(50,000)
Capital outlay	150,500	150,500	163,639	(13,139)
TOTAL EXPENDITURES	1,074,006	1,074,006	1,160,783	(86,777)
REVENUES OVER (UNDER) EXPENDITURES	86,344	86,344	142,430	56,086
OTHER FINANCING SOURCES				
Transfers-in (out)	0	0	(130,215)	(130,215)
NET OTHER FINANCING SOURCES (USES)	0	0	(130,215)	(130,215)
NET CHANGE IN FUND BALANCES	86,344	86,344	12,215	(74,129)
BEGINNING FUND BALANCE	717,185	717,185	717,185	0
ENDING FUND BALANCE	803,529	803,529	729,400	(74,129)

Notes to the budgetary comparison schedule:

1. Any differences between the budget basis and GAAP are immaterial.
2. No budget amendments were adopted during the year, resulting in several departments being out of compliance with their budgets.

THE TOWN OF JONES CITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014
(Accrual Basis)

<i>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</i>	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	EXPENSES
U.S. Department Transportation <i>Oklahoma Department of Transportation</i> Highway Planning and Construction (Federal Aid Highway Program)	20.205	State Job #26886(04)	15,122
U.S. Department of Homeland Security <i>Oklahoma Department of Civil Emergency Management</i> Public Assistance Grants	97.036	FEMA DR 4117 PW85	3,831
Public Assistance Grants	97.036	FEMA DR 4117 PW77	793
Public Assistance Grants	97.036		1,723
Total U.S. Department of Homeland Security			6,347
TOTAL EXPENDITURES OF FEDERAL AWARDS			21,469

THE TOWN OF JONES CITY
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2014
(Accrual Basis)

<i>STATE GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</i>		GRANTOR'S NUMBER	EXPENSES
Oklahoma Department of Agriculture <i>N/A</i> Rural Fire Protection			4,474
Oklahoma Department of Commerce <i>Association of Central Oklahoma Governments</i> Rural Economic Action Plan		REAP 2012	96,563
Oklahoma Department of Civil Emergency Management <i>N/A</i> Public Assistance Grants		FEMA DR 4117 PW85	638
Public Assistance Grants		FEMA DR 4117 PW77	132
Public Assistance Grants			287
Total Oklahoma Department of Civil Emergency Management			1,057
Oklahoma Department of Transportation <i>N/A</i> Highway Planning and Construction (34% Soft Match Credit)		State Job #26886(04)	7,790
TOTAL EXPENDITURES OF STATE AWARDS			109,884